

FDIC State Profile

SPRING 2003

Maine

The recent national recession largely bypassed Maine's economy, reflecting the state's more limited dependence on information technology (IT) and stock-market wealth effects.

- The simultaneous national IT investment and equity market busts have not seriously impacted Maine, given the state's limited exposure. As a result, Maine employment was little changed during the past year, while its unemployment rate late last year was one of New England's lowest (see **Chart 1**).
- Similarly, Maine has been insulated from the wide swings in personal income associated with the recent boom/bust in IT and equity markets.
- As a result of reduced capital gains income, Maine's personal income tax revenues declined (see **Chart 2**). However, Maine's tax collections have held up better than most New England states.
- Cuts in state jobs, decreases in local aid, and increases in taxes will be used to close the growing \$475 million budget gap (over 16 percent of the budget) for fiscal year 2004, but consequences for the state economy are unknown.
- After surging in the first quarter, Maine's single-family home sales eased, but remained above year-ago levels through September. Further, the state's rate of home price appreciation seems to have stabilized recently. Given only modest personal income growth, the sustainability of the pace of recent price gains is unclear (see **Chart 3**).
- Though mostly bypassed by the national recession to date, only housing seems likely to provide strong support for Maine's economic growth over the near term.

Chart 1: Maine Employment Remains Stable

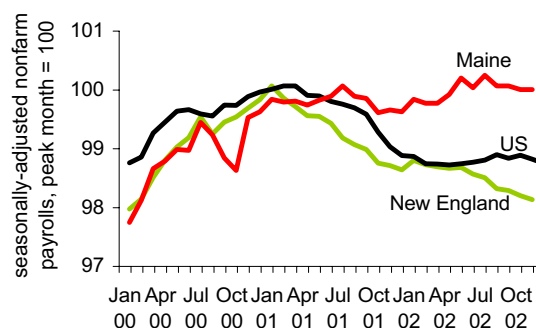


Chart 2: State Tax Revenues Fell During the Downturn, Led By a Plunge in Personal Income Tax Revenue Collections

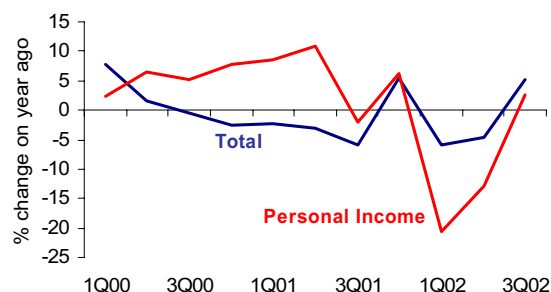
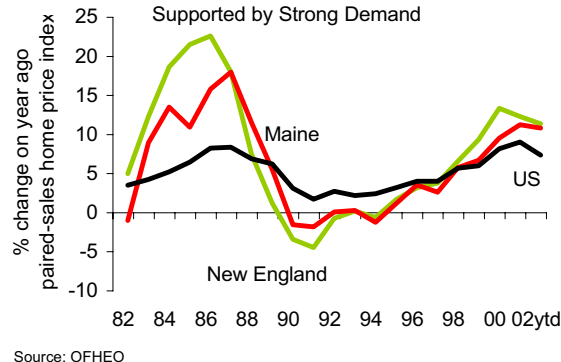


Chart 3: Home Price Appreciation Continues in Maine Supported by Strong Demand



Maine at a Glance

General Information	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Institutions (#)	39	39	42	44	45
Total Assets (in thousands)	35,224,554	15,918,282	16,544,519	16,218,148	14,808,384
New Institutions (# < 3 years)	0	0	0	0	0
New Institutions (# < 9 years)	1	2	3	3	4
Capital	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Tier 1 Leverage (median)	8.61	9.14	9.05	9.32	9.67
Asset Quality	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Past-Due and Nonaccrual (median %)	1.74%	2.01%	1.68%	1.86%	2.23%
Past-Due and Nonaccrual ≥ 5%	1	1	2	1	4
ALLL/Total Loans (median %)	1.14%	1.17%	1.14%	1.20%	1.17%
ALLL/Noncurrent Loans (median multiple)	1.66	1.24	1.58	1.49	1.43
Net Loan Losses/Loans (aggregate)	0.24%	0.20%	0.20%	0.17%	0.21%
Earnings	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Unprofitable Institutions (#)	1	0	0	0	0
Percent Unprofitable	2.56%	0.00%	0.00%	0.00%	0.00%
Return on Assets (median %)	0.90	0.74	0.91	1.00	1.04
25th Percentile	0.63	0.47	0.67	0.66	0.73
Net Interest Margin (median %)	4.13%	3.87%	4.09%	4.03%	4.18%
Yield on Earning Assets (median)	6.73%	7.80%	8.03%	7.76%	8.17%
Cost of Funding Earning Assets (median)	2.68%	3.99%	4.11%	3.73%	4.00%
Provisions to Avg. Assets (median)	0.14%	0.16%	0.11%	0.12%	0.13%
Noninterest Income to Avg. Assets (median)	0.65%	0.60%	0.54%	0.59%	0.54%
Overhead to Avg. Assets (median)	2.98%	3.05%	3.01%	3.07%	3.07%
Liquidity/Sensitivity	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
Loans to Deposits (median %)	89.87%	94.14%	94.63%	89.27%	86.79%
Loans to Assets (median %)	69.17%	71.57%	72.11%	69.90%	71.86%
Brokered Deposits (# of institutions)	11	10	9	9	9
Bro. Deps./Assets (median for above inst.)	3.23%	2.98%	3.08%	2.01%	3.16%
Noncore Funding to Assets (median)	22.21%	21.20%	20.75%	17.36%	14.10%
Core Funding to Assets (median)	67.49%	68.12%	68.22%	71.32%	73.63%
Bank Class	Sep-02	Sep-01	Sep-00	Sep-99	Sep-98
State Nonmember	7	7	7	8	9
National	6	6	6	5	5
State Member	2	2	3	3	3
S&L	7	7	7	7	7
Savings Bank	2	2	3	4	4
Mutually Insured	15	15	16	17	17
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	29	9,040,153	74.36%	25.66%	
Portland ME	4	23,315,617	10.26%	66.19%	
Lewiston-Auburn ME	4	1,170,400	10.26%	3.32%	
Bangor ME	2	1,698,384	5.13%	4.82%	